

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 INR-07  
LAB-04 NSAE-00 SIL-01 PA-01 PRS-01 USIA-06 /045 W  
-----103281 190651Z /10  
R 181719Z JUL 77  
FM AMEMBASSY LISBON  
TO SECSTATE WASHDC 2244

C O N F I D E N T I A L SECTION 1 OF 2 LISBON 5521

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E.O. 11652: XGDS-3  
TAGS: PINT, ELAB, PO  
SUBJECT: OUTLINES OF A PROPOSED LABOR PROGRAM

REFS: (A) LISBON 5483 (B) LISBON 5474 (C) STATE 145710  
(D) LISBON 5172

SUMMARY: THIS MESSAGE OUTLINES A GENERAL COURSE OF ACTION  
FOR A LABOR PROGRAM OVER THE NEXT YEAR WITH A RELATED  
BUDGET ALLOCATION. END SUMMARY.

1. PRINCIPLES: ANY LABOR PROGRAM IN PORTUGAL SHOULD BE  
GUIDED BY THE FOLLOWING GENERAL PRINCIPLES:  
-- PORTUGUESE LEADERSHIP. IF THERE IS ONE BASIC TRUTH  
TO WHICH EVENTS IN PORTUGAL SINCE APRIL 1974 TESTIFY IT  
IS THAT ONLY THE PORTUGUESE CAN SAVE PORTUGAL. ANY  
FOREIGN EFFORT, HOWEVER WELL INTENTIONED OR HOWEVER  
TECHNICALLY SOUND, MUST SUPPORT, AND BE SEEN TO SUPPORT,  
A PORTUGUESE DESIGNED AND EXECUTED PROGRAM.  
-- PROGRAM GOAL. THE CENTRAL GOAL OF A U.S. LABOR  
PROGRAM WITHIN THE FRAMEWORK OF OUR OVERALL POLICY  
INTERESTS IS TO SUPPORT DEMOCRATIC TRADE UNION DEVELOPMENT  
WHICH PROMISES TO PROVIDE MAJOR LONG-TERM BENEFIT TO  
PORTUGUESE WORKERS WHILE AT THE SAME TIME CONTRIBUTING  
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TO INCREASING PORTUGUESE PRODUCTIVITY AND PROSPERITY.  
A NECESSARY COROLLARY GOAL IS TO ELIMINATE COMMUNIST  
HEGEMONY EXPRESSED THROUGH THE CGTP BY ENCOURAGING  
DEMOCRATIC LABOR ELEMENTS.  
-- PUBLIC SCRUTINY: ALL U.S. FUNDING OF ECONOMIC  
ASSISTANCE TO PORTUGAL IS OPEN TO PUBLIC SCRUTINY BOTH  
IN THE U.S. AND PORTUGAL. THE GOP APPROVES ALL USE OF

TECHNICAL ASSISTANCE FUNDS AND CAN AND DOES CALL FOR PERIODIC REPORTS ON EXPENDITURES UNDER EVERY PROGRAM. THUS, THE LABOR PROGRAM MUST BE BASED ON AN INITIAL GOP REQUEST AND MAJOR ELEMENTS OF THE PROGRAM MUST BE APPROVED BY THE GOP DURING THE COURSE OF IMPLEMENTATION. THE PROGRAM MUST BE ABLE TO WITHSTAND THE INEVITABLE CRITICISM OF HOSTILE FORCES IN PORTUGAL AND BE CREDIBLY DEFENDED BY THE GOP.

2. WHAT WILL NOT WORK: ANYTHING WHICH IS PERCEIVED AS ESSENTIALLY AN AMERICAN EFFORT WILL NOT BE SUCCESSFUL. ON THE CONTRARY A "MADE IN THE U.S." LABEL WILL ONLY ADD TO THE BURDEN WHICH NON-COMMUNIST TRADE UNIONS IN PORTUGAL ALREADY CARRY. AMERICAN INVOLVEMENT IN LABOR AFFAIRS IN PORTUGAL IS HIGHLY RISKY AND WITHOUT THE HIGHEST DEGREE OF POLITICAL SENSITIVITY AND TACT, THE EFFORT IS LIKELY TO RESULT IN A LOSS TO OVERALL U.S. INTERESTS. PROGRAMS BY EUROPEAN UNIONS, EVEN THOSE SUPPORTED INDIRECTLY BY GOVERNMENT FUNDS, DO NOT CARRY THE SAME SENSITIVITY. THESE ARE THE REALITIES WE MUST WORK WITH. SOCIALISTS AND SOCIAL DEMOCRATS IDENTIFY WITH THEIR EUROPEAN COUNTERPARTS. RIGHTLY OR WRONG, THE AFL-CIO IS POPULARLY IDENTIFIED WITH PROMOTING DIVISIONS IN EUROPEAN LABOR, A BELIEF WHICH THE PCP WOULD UNDOUBTEDLY ATTEMPT TO EXPLOIT.

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3. THE NEED: TO COMPETE WITH COMMUNIST UNIONS, DEMOCRATIC TRADE UNIONISTS AND TRADE UNION INSTITUTES NEED FOREIGN SUPPORT IN A NUMBER OF AREAS:

- TRAINING AND BROADER EXPERIENCE IN TRADE UNION ORGANIZATION;
- IMPROVED ADMINISTRATION AND FINANCIAL EXPERTISE IN THE OPERATION OF TRADE UNIONS;
- INCREASED KNOWLEDGE OR EXPERIENCE WITH COLLECTIVE BARGAINING AS PRACTICED IN DEMOCRATIC SOCIETIES;
- EXPERTISE IN EDUCATION, PUBLIC RELATIONS AND INFORMATION DISSEMINATION.

IN ADDITION TO THIS DIRECT BUILDING OF EXPERTISE, INDIVIDUAL UNIONS NEED THE BROADENED EXPERIENCE AND EXPOSURE WHICH CAN ONLY COME THROUGH INCREASED CONTACTS AND EXCHANGES WITH SIMILAR UNIONS IN OTHER DEMOCRATIC SOCIETIES.

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-----110283 190651Z /10

R 181719Z JUL 77  
FM AMEMBASSY LISBON  
TO SECSTATE WASHDC 2245

C O N F I D E N T I A L SECTION 2 OF 2 LISBON 5521

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4. A PRACTICAL PROGRAM: GIVEN THE FACT THAT PORTUGUESE INSTITUTIONS MUST BE THE CENTER OF ANY EXTERNAL HELP, THE INITIAL GOAL OF AN INTERIM PROGRAM WOULD BE TO COLLABORATE WITH OTHERS, PARTICULARLY WESTERN EUROPEAN TRADE UNION ORGANIZATIONS, IN STRENGTHENING DEMOCRATIC ELEMENTS WITHIN THE INDIVIDUAL TRADE UNIONS AND THE PARTY-RELATED LABOR INSTITUTIONS WHICH NOW EXIST. IT WOULD ALSO INVOLVE CONTINUED TECHNICAL ASSISTANCE AND TRAINING TO THE MINISTRY OF LABOR IN A VARIETY OF AREAS (E.G. LABOR STATISTICS, MEDIATION SERVICES, LABOR LEGISLATION, ETC.). ASSISTANCE TO THE MINISTRY OF LABOR IS ALREADY UNDERWAY. INITIAL PROGRAMMING OF A QTRADE UNION PROGRAM COULD BE COORDINATED AND MANAGED BY THE LABOR ATTACHE OF THE EMBASSY, ASSISTED BY A QUALIFIED LOCAL EMPLOYEE, AND DRAWING ON AFL-CIO EXPERTISE IN VARIOUS AREAS OF PROGRAM PLANNING AND EXECUTION. REF (A) REPORTS CURRENT GOP/PS THINKING REGARDING TIMING OF DISCUSSION FOR AN EXPANDED PROGRAM. A VISIT BY AN AFL-CIO REPRESENTATIVE DURING LATE SEPTEMBER-OCTOBER WOULD SEEM APPROPRIATE SO THAT AGREEMENT CAN BE REACHED WITH EMBASSY/AID ON ALL ASPECTS OF THE PROPOSED PROGRAM BEFORE DISCUSSION ARE UNDERTAKEN WITH LOCAL OFFICIALS AND UNIONS. A PROGRAM WOULD BE DRAFTED BY END OF OCTOBER SPECIFYING THE FOLLOWING:  
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-- INITIAL YEAR PROGRAM OF UNION-TO-UNION EXCHANGES, INCLUDING MAGNITUDE OF EFFORT AND ESTIMATED BUDGET.  
-- PLAN OF TECHNICAL ASSISTANCE TO EXISTING INSTITUTES AND UNIONS INCLUDING AREAS OF TRAINING, MAGNITUDE AND NUMBER OF ADVISORY VISITS, TRAINING GRANTS, ETC.

-- ASSISTANCE TO MINISTRY OF LABOR AND OTHER OFFICIAL  
GOP AGENCIES.

THE EXECUTION OF THE UNION-TO-UNION PROGRAM WOULD BE THE  
RESPONSIBILITY OF THE AFL-CIO FREE TRADE UNION INSTITUTE  
(FTUI) UNDER THE OVERALL GUIDANCE AND CONTROL BY THE  
EMBASSY/USAID. TECHNICAL ASSISTANCE AND TRAINING WOULD  
BE FUNDED ON A CASE BY CASE BASIS THROUGH CONTRACT WITH  
SUCH ENTITIES AS U.S. DEPARTMENT OF LABOR, FTUI,  
UNIVERSITIES, OR OTHER AGENCIES AS APPROPRIATE.

5. THE LONGER TERM: OVER THE LONG TERM WE WOULD  
ENCOURAGE THE DEVELOPMENT OF A PORTUGUESE LABOR TRAINING  
CENTER UNDER THE CONTROL OF A BOARD OF DIRECTORS; WITH  
REPRESENTATION FROM ALL SIGNIFICANT NON-COMMUNIST LABOR  
GROUPS. PARTICIPATION IN THE CENTER WOULD BE OPEN TO  
ALL REGARDLESS OF PARTY OR UNION AFFILIATION. THE  
CURRICULUM WOULD BE DETERMINED BY A PORTUGUESE BOARD OF  
DIRECTORS AND EUROPEAN AND U.S. TRADE UNIONS WOULD PROVIDE  
APPROPRIATE SUPPORT. A RESIDENT U.S. LABOR ADVISOR  
TO COORDINATE THE PROGRAM AND WORK WITH THE INSTITUTE  
MIGHT THEN BE APPROPRIATE. WHILE THE U.S. SUPPORT  
WOULD BE SIGNIFICANT AND EFFECTIVE IT COULD NOT IN ANY  
WAY OVERSHADOW THE PORTUGUESE LEADERSHIP OF THE  
INSTITUTE.

6. BUDGET: BASED ON THE USAID PROPOSAL (REF B)  
FOR \$3 MILLION IN GRANT FUNDING IN FY 1977 FOR NON-  
AZOREAN TECHNICAL ASSISTANCE IN PORTUGAL, WE HAVE  
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EARMARKED \$600,000 FOR THE LABOR PROGRAM - ROUGLY  
\$200,000 PER YEAR FOR THREE YEARS. THIS WE SEE AS A  
MAXIMUM CONSISTEN WITH OTHER PROGRAM PRIORITIES AND  
U.S. INTERESTS. APPROXIMATELY \$75,000 OF THIS AMOUNT  
IS LIKELY TO BE REQUIRED FOR ASSISTANCE TO THE MINISTRY  
OF LABOR AND OTHER OFFICIAL GOP NETITIES WITH \$525,000  
AVAILABLE OVER A THREE-YEAR PERIOD FOR UNION-TO-UNION  
EXCHANGES AND TECHNICAL ASSISTANCE AND TRAINING TO  
EXISTING INSTITUTES AND INDIVIDUAL UNIONS.

7. WHERE WE GO FROM HERE: IF AFL-CIO CAN ACCEPT  
PHILOSOPHY AND GENERAL APPROACH SUGGESTED ABOVE,  
REQUEST SERVICES OF REPRESENTATIVE DURING SEPTEMBER/  
OCTOBER WHO WORKING WITH EMBASSY/USAID WOULD  
DRAFT WORK PLAN OF UNION-TO-UNION PROGRAM. LABOR  
ATTACHE AND USAID CAN BEGIN NOW TO PREPARE A SIMILAR  
PLAN FOR MINISTRY OF LABOR COMPONENT OF PROGRAMS. SUCH  
WORK PLANS WOULD BE COMPLETED BY OCTOBER AND  
CONTRACTS FOR SERVICES SIGNED AS APPROPRIATE THEREAFTER.  
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## Message Attributes

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